Developing strategic alliances with New Zealand Vegetable Industry – Study tour for young growers to USA, October 2006

Ross Ord
AUSVEG Ltd

Project Number: VG06017

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This report is published by Horticulture Australia Ltd to pass on information concerning horticultural research and development undertaken for the vegetable industry.

The research contained in this report was funded by Horticulture Australia Ltd with the financial support of AUSVEG Ltd and the vegetable industry.

ISBN 0 7341 1587 3

Published and distributed by:

Horticultural Australia Ltd

Level 1
50 Carrington Street
Sydney NSW 2000
Telephone: (02) 8295 2300
Fax: (02) 8295 2399

E-Mail: horticulture@horticulture.com.au

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Young Growers Tour to USA, October 2006

Ross Ord
Industry Development Manager
AUSVEG Ltd

May 2007

VG06017
Young Vegetable Growers Study Tour to USA

The purpose of this final report is to communicate the successful delivery of project VG06017 *Developing strategic alliances with New Zealand Vegetable Industry-study tour for Young Growers to USA, October 2006*

Project Leader:Ross Ord, AUSVEG Ltd, 03 9544 8098

AUSVEG Ltd.
Suite 9, 756 Blackburn Road, Clayton North VIC
PO Box 563, Mulgrave VIC 3170
Phone: 03 9544 8098
Fax: 03 9558 6199
Mobile: 0412430728
E-mail: ross.ord@ausveg.com.au
Web: www.ausveg.com.au

Funded by:

This project was facilitated by AUSVEG Ltd in partnership with HAL and was funded by the National Vegetable Levy. The Australian Government provides matched funding for all HAL's R&D activities.

Report date: 7 May 2007

Contents

Media Summary

In October 2006, six young Australian vegetable growers joined six counterparts from New Zealand on a professional development tour of USA. The tour included farm and industry-related visits in the Imperial Valley vegetable growing region of California.

The primary objective of the tour was to expose the young growers to issues relevant to the broader vegetable industry including production, marketing, processing, value adding, supply chain and research activity. A secondary objective was for the Young Growers to interact with, share experiences and learn from other young growers in the places visited.

The two-week visit was timed to coincide with the Produce Marketing Association's Fresh Summit Conference held in San Diego, California.

The highlight of the tour, funded by voluntary contributions from the young growers and National Vegetable Levy funds, was the series of visits to vegetable farms adjacent to the USA/Mexico border in California's Imperial Valley (El Centro) and at Yuma, Arizona. Issues discussed included:

- difficulties in acquiring a reliable supply of day-labour,
- the use, cost, quality and supply of water, and
- environmental impacts of farming which are becoming a more prominent public issue in mainstream USA and increasingly in Australia.

To ensure the young growers were exposed to all facets of vegetable farming in the region, the itinerary included visits to the University of California Agricultural Experimental Station, the Imperial Valley Irrigation Distribution Headquarters and a huge desalination plant near the Colorado River at Yuma. Social gatherings of young farmers provided the perfect opportunity for the young Australian and New Zealand growers to share experiences, farming practices and common issues such as maximizing use of expensive equipment and pesticide control.

The presentations and extensive trade show at the PMA conference rounded off a highly successful study tour. The interchange between the Australian and New Zealand young vegetable growers added another dimension to two-weeks of immensely beneficial personal and professional development.

The continuation of similar grower tours combining farm visits and attendance at a national or international vegetable industry conference is recommended.

Expected Outcomes

The globalization of the international food industry means that Australia is no longer isolated from the rest of the world. Australia's major supermarkets stock imported frozen, canned, bottled and sometimes fresh food products. These imported products are frequently priced lower than produce of Australian origin.

Australia currently exports approximately 4% of the value of its vegetable production. We can grow more product. Establishing reliable, profitable markets is the challenge. Clearly, there is an opportunity to expand exports of vegetables and vegetable products to Asia, Europe, the middle East and niche markets in other countries including the USA.

To take advantage of this opportunity, the Australian vegetable industry requires access to leading-edge information, farm practices, marketing and supply chain initiatives and technology to compete in the global economy.

The Young Grower tour is an important mechanism of gaining the essential intelligence for the industry to compete internationally, and hold or expand our share of our domestic market. The Young Growers were exposed to production, marketing and whole of supply chain systems operating in a country (USA) which is a world leader in the field. It allowed the growers to gain the knowledge and in time transfer the knowledge to the wider Australian Vegetable Industry.

For these reasons vegetable growers and the wider vegetable industry sees longer term benefits in exposing at first hand Young Growers to overseas farm and marketing practices including those accepted as best practice. This is on the basis that Young Growers of today will be the industry leaders of tomorrow; that is, be the decision makers shaping the production and marketing systems for the further growth of the Australian vegetable industry.

Results of discussions

There were both individual and collective outcomes from the myriad of discussions held by the 12 young growers with their touring colleagues, during the farm and other technical visits, and at the PMA Fresh Summit Conference.

The outcomes of the discussions have been captured in the tour reports completed by both the New Zealand and Australian contingents (each comprising six young growers). The two reports are attached.

Implications for Australian Horticulture

The implications of the study tour will not be able to be gauged for several years. It will take time for the benefit of any new farming techniques, machines, marketing strategies, markets, supply chain innovations, packaging and training initiatives which result from the study tour to be measured. Based on anecdotal evidence, comments included in the two Visit Reports, articles by Australian participants in Vegetables Australia magazine and feedback from individual participants, the implications for the Australian vegetable industry will be significant.

From a wider perspective, the following implications are of note:

- The Young Growers are now part of a broader network of like-minded young growers from New Zealand and the USA. This will stand them in good stead for many years.
- The participants returned confident that Australian (and New Zealand) agriculture practices and systems are at least equal to and in many ways superior to those observed in the USA..
- From their experiences in California, the six Australian participants are now in a better position to digest the critical importance of water, soil salinity, labour, care of the environment and quality assurance to the profitability of their business and the overall industry.

- As a personal development exercise for the participants, the study tour has already proved its worth. Two of the six participants applied to be selected as a grower representative on the new Vegetable IAC Advisory Committees with Ric Butler (Victoria) appointed to the Production Advisory Group. One participant has successfully negotiated the first round of interviews for the 2008 Nuffield Scholarship.
- There have been four articles in Vegetables Australia featuring tour participants

Dissemination of Information gathered

The information gathered and lessons learnt have been disseminated in a variety of ways. Each member contributed to a Visit Report which has been circulated to the peak vegetable organization in each state. With the assistance of Industry Development Officers, participants have made presentations at local field days and workshops and contributed articles to regional and state industry journals.

There have been five articles in Vegetables Australia providing an overview of the study tour and featuring four of the young growers. The AUSVEG tour leader has briefed the Vegetable IAC on the outcomes of the tour as well as the IAC Product Groups.

Itinerary

A copy of the itinerary is attached.

Recommendations

The key recommendation is that similar study tours involving young vegetable growers from Australia and New Zealand be arranged on an annual basis. The costs should be subsidized by the national vegetable levy and matched VC funds administered by HAL.

Other recommendations are as follows:

<u>Tour Planning:</u>

- For the Young Growers Tour 2006, Quadrant Tours made all the travel and other arrangements on behalf of AUSVEG. Quadrant provided an excellent service and should be considered as the tour organizers for similar tours.
- Two weeks is sufficient. Several (half-day) rest periods should be factored into the tour program.
- Visits should not necessarily be locked in to coincide with the Fresh Summit/PMA conference in USA. The value of alternating the destination with, for example Fruit Logistica (Berlin), Quality Management Fresh Cut Produce Conference (King Mongkut University, Thailand) or similar world-class conferences relevant to the vegetable industry should be investigated.
- The touring party should be restricted to 10-12 participants plus tour leader(s). This enables full and healthy interaction between the participants, with the opportunity of individuals to gain full benefit from farm visits. This formulae prevents hosts from being overwhelmed by a gaggle of visitors arriving on (perhaps) several buses, and lends itself to a more cohesive and supportive group.

- Farm visits be retained as an essential component of the study tour. A strong recommendation is the use of a local tour guide for the farm visits familiar with broad industry topics in the host country and local industry conditions and issues.

Administration:

- If, as in 2007 the New Zealand horticulture industry is not participating in the study tour, an Australian-growers only tour should be planned subject to there being sufficient interest. One proviso is the unmatched VC which may be required from the 10-12 participants should be confirmed early in the planning phase. (HALs policy on VC funds available for study tours is currently capped at $50,000 which may make the unmatched contribution from participants prohibitively high).
- To assist tour planning and logistics, and to maximise group cohesiveness, a combined Australia/New Zealand study tour should retain an age restriction.
- Participants need to be made aware well in advance of out-of-pocket expenses such as most meals that they are responsible for on the tour.
- Prior to the tour, the tour leader should arrange a supply of appropriate gifts for hosts.

Contact List

The list of tour participants is attached.

AUSTRALIAN AND NEW ZEALAND YOUNG GROWERS TO THE USA

From 26 applicants from Australia, 6 were chosen to represent their country on the AUSVEG and HAL sponsored Young Growers Tour of the USA. These 6 were joined by 6 of their counterparts from New Zealand, all with similar farming background from all parts of their respective countries. These were;

Daryl Wilson (Aus), Tim Harslett (Aus), Simon Wilcox (NZ), Jason Culbert (NZ), Tim Woolley (NZ), Ross Ord (Aus – Tour guide), Eamon Balle (NZ), Tim Porter (NZ), Michael Omodei (Aus), Clint Smythe (NZ), Cameron Moore (Aus), Desley Jackwitz (Aus), And Rick Butler (Aus).

Along with Steve Werblow our American tour guide so began our tour from the 14th to the 27th of October 2006.

DAY 1.

Arrive in Los Angeles, quick visit to Venice Beach then back to the motel for dinner.

DAY 2.

Spent the day getting to know each other and Steve Werblow while enjoying the charms of Disneyland.

DAY 3.

EL CENTRO

University of California Research Station - Imperial Valley
Dr Rick Bottoms - a valuable experience for us as he was willing to impart his knowledge.

- Chemical registration: one scientist there handles this area of work.
- We benefit from the work he does on agrichemical registration.
- Chemicals are developed for the top 5 crops Corn, wheat, cotton, Soya beans, and vegetables.
- Work done here to register them for minor crops.
- 30 month trial - 4-5 years until chemicals are fully registered.
- Salt problem: 1 tonne/Acre per 1.2 mega litre of water is deposited through irrigation.
- Approx $16/mega litre water cost.
- Cultural practice developed of flooding the paddock, deep ripping, cultivation, bed forming, and direct seeding then overhead sprinklers for first two weeks of crop establishment. Flood irrigation after the crop is established. We question the SUSTAINABILITY OF CURRENT PRACTICE due to visual salt build-up on the soil crust.

Farm Smart Initiative – is a self funded (with minor government input of funds) to raise awareness of and promote the Agricultural Industry to children.

Observations Summary
- Potential for registered chemicals to be able to be used in Australia and New Zealand. It is called the IR4.
- Potential to gain results from feed lots trials.
-Farm Smart Initiative Programme – a better understanding and acceptance of the agricultural industry from an early age will have a flow on effect now and in the future. Nancy Caywood, who started this program for children, is happy to share her information and resources with anyone who would interested in starting a program within their own community.

Value
Good place to start the tour as it gave us an overview of the area and farming practices.

PRODUCTIVE 1	**2**	3	4	5	UNPRODUCTIVE

DAY 4.

EL CENTRO

Cheapest Corona Beer $13.80USD/dozen!

Imperial Irrigation District (IID)
Kevin Kelly

- 450,000 acres irrigation in Imperial Valley, potentially up to 500,000.
- Use 3.2 million mega litres per year, 220m miles of main, 1400miles of sub mains, 6000 water gates, all American Chanel 80 gates.
- All water derives from Hoover dam, takes 4 days to flow to final destination at Imperial Valley. Water has to be ordered in advance. IID has the largest allocation from the river.
- 15 – 20% of water ordered can not be delivered on the day causing crop losses or water stress damage to farms affected. These water orders are filled the next day.
- Assume each acre uses 6 mega litres per annum – issues with salt load as UCA details above.
- Costs $17.50 per acre foot = cost recovery for scheme. 6 hydro power stations on all American Channel. –
- Assume 85% of water makes valley i.e. 15% loss through evaporation, leach etc.
- IID=Staff - 15 admin, 30 at first control gates, 300 field staff. IID staff manually open and close the gates that provide water to each farm.
- Fallow ground: $300 to grower, $60 to IRD on per acre basis, based on 5.5 acre foot per year per acre.

- 20,000 acres taken out as fallow per year
- Minimal pumping in the system, as land has natural slope which has been capitalised upon in the design of the irrigation system and mostly gravity operated with gates. Underground tile (drainage system) installed by farms at approx 2-3m below ground level and in parallel runs 30-50m apart across the fields that captures the unused seepage irrigation water which is used to flush and carry the salts away from the plants and then flows into channels that lead into the Salton Sea. Was not concerned with long term environmental issues in running large volumes of salty water into the Salton Sea.
- USA – Mexico water agreement on the Colorado River signed in the 1920's – USA 75% and Mexico 25% (1.5million acre/feet) No allowance for the environment and apparent attitude from USA to not allow more water to Mexico than agreement allows. This has shaped their attitude to water being an unlimited low cost supply.
- Moving towards an allocation and tradeable water rights, but the water will not be able to leave the Imperial Valley scheme. Talk of approx 6acre/ft water per acre allocation.
- Increasing demand for water from Los Vegas, San Diego and other cities. Future issues on farm vs. city rights to water, water efficiency, and the value placed on water. Concern as change of government legislation could remove IID ownership of water and grant it to the cities.
- Potential long term ecological disaster in Salton Sea, with heavy metals, pesticides, salinity, and have in place a fishing restriction due to water pollution.

Observations Summary

A general consensus that the Americans are yet to realise what valuable and limited resource water is and the need for more efficient use. They have developed irrigation techniques that allow them to crop in desert conditions with a high salt level by flushing salts out by flood irrigating and capturing the seepage water and channelling to the Salton Sea. There are potential sustainable irrigation schemes which could be developed in specific areas of Australia and New Zealand which could develop new cropping opportunities. There appear to be strained relationship between growers, IID and larger cities.

Value

Very worth while to visit and recommended to do again.

PRODUCTIVE	**1**	2	3	4	5 UNPRODUCTIVE

Border Control: US Customs and Border Protection

Billy Whitford - Assistant Port Director and Tactical Operation
Colonel Joe Salazar - Assistant Port Director and Immigration
Lieutenant Colonel Jetus Sularazand - Plant Inspection
Lieutenant Colonel Joseph Vindiloa - Chief Trade Operations

Border Control: US Customs and Border Protection

- USDA, Immigration and Border Control (now homeland security)
- Ease of Mexican labour entry to US, 60-90 day visas, entering on daily basis.
- Government appreciation of significance of labour requirements for Agriculture in US, particularly California.
- Inspection - thorough inspection of random trucks, if not satisfied trucks are fully unloaded.
- Possible flaws in inspection process when busy as we saw a driver selecting the produce carton for inspection.
- Primary intentions Terrorism, Narcotics. Agriculture down the list.
- Since 9/11, synergies gained, unity, efficiency, inter governmental cooperation.
- Quarantine as a grower must be a concern for pests and diseases. Lack of thoroughness, holes in system.
- 20-30 immigration busts each day

Observations Summary
Quarantine issues were being completed at a satisfactory level.
Labour is a serious issue for the Californian growers and it was good to see how the systems work for the use of Mexican labour.

Value
Very interesting, Border Control was very open and accommodating, worth visiting again.

PRODUCTIVE 1	**2**	3	4	5	UNPRODUCTIVE

YOUNG RANCHERS
Attended Young Farmers & Ranchers meeting at Brawley, pop 25000.
John, Chairman of Young Ranchers
About 10 young ranchers were in attendance. We had dinner with them then met them individually afterward.

Value
It was good to meet the young ranches and farmers for a social event before spending time with them on their respective properties the next day.

PRODUCTIVE **1**	2	3	4	5	UNPRODUCTIVE

DAY 5

EL CENTRO
Morning- **Imperial Vegetable Growers Association**
Ayron Schoenema - Executive Director of Council of Labour, Agriculture and Business and Imperial Valley Vegetable Growers Association
Steve Birdsell; Agriculture Commissioner (regulatory agency); also Weights and Measures Director (certify scales etc)

- Voluntary contributions - $1000 per packers, $500 per growers, 250 for anyone else. 85% of acreage represented.
- 15 members on the board.
- Contributions pay Ayron's wage and administration.
- Steve Birdsell issues permits for farm chemical applications, particularly restricted chemicals, Class 1 (praraquat/endosulphan/parathion Methyl).
- Biological control initiatives; parasitic wasps etc
- Monitors Air Quality, PM10, PM2.5 Dust from Sierra Nevada, Agriculture, Burn Offs. Only attribute less than 2% of pollution to local agriculture
- Initiative to Replacing or reconditioning old diesel pumps at a cost to the California Government; $450000 spent in last year on this project.
- Residue testing is not mandatory
-

Observations Summary
Gave a good summary of the area. Not largely relevant to Australia and New Zealand. Much more controlled and regulated chemical licensing and application requirements.

Value

PRODUCTIVE 1	**2**	3	4	5	UNPRODUCTIVE

Farm visits

1. Jack Vessey
   - Romaine, Cos Lettuce, Spinach, Alfalfa grower
   - Relying on cheap labour to thin crops. Higher cost to transplant so direct seed and then manually thin is current practice and compared to Aus/NZ there is room for improved productitivity by transplanting along with water savings!
   - Looking for ways to decrease reliance on labour.
   - Owned a Labour Hire Company. Approx USD $16/hr per person total costing to business
   - Realises that water is a diminishing resource.
   - Lack of qualified/experienced persons coming into industry, a possible future problem?
   - Looking at more mechanisation (broccoli harvester, direct seeding without thinning)
   - Acknowledged their water resource is cheap.
   - Food safety, important but not a lot of pressure (yet). Already procedures in place e.g.: cleaning knives etc. More of a requirement on the shippers (wholesalers) to have QA – HACCP
   - Induction training, Food safety training (Video in native language)
   - Strict rotational programme.
   - Most crops grown under a contract negotiated with various shippers. Generally 50/50 on costs in growing the crop with the grower doing the growing and shipper doing the selling. Periodic payments made by the shipper as their contribution to the agreed growing costs. Grower pays the shipper for marketing, and has a commission deducted. At the end of the contract, any profit/loss from the growing to end sale is shared by both parties.

Observations Summary

Very relevant to our organisations. Vastly different marketing and contract growing arrangement compared to our home countries, and farm enterprise is a much larger scale.

Value

PRODUCTIVE **1**	2	3	4	5	UNPRODUCTIVE

2. John Moiola - Feed lot
   - 25000 cattle, Holstein, bought in as 350-400lbs, fattened to 1200lbs. Sent to local Works, for prime cuts. Dust issues, sprinkler installation. Using by product of an ethanol plant as feed component.
   - Composting waste products, sold as manure to growers, profitable.
   - Distilled grain.

Value

It was of interest but not much value.

PRODUCTIVE 1	2	3	**4**	5	UNPRODUCTIVE

3. Peter Osterkemp Onions, Grasses (Forage), Alfalfa
   - Yet to invest in GPS but plan to in the near future for the economic value.
   - Hay production was very mechanised.

Value

It was of interest but not much value.

PRODUCTIVE 1	2	**3**	4	5	UNPRODUCTIVE

4. Stephen

- General Observations: An abundance of resources, namely land, low cost water and labour. All these, especially water and labour are becoming more of an issue which will mean initiatives to reduce reliance on these resources.
- Land is treated as a factory.
- Relationship between Ranchers and Irrigation Authority: "Stretched". Fallowing questionable, pushed up rental rates?
- Feeling of attention by IID given more to big cities and the potential gains there. Causing tensions.
- Better irrigation efficiencies could accommodate needs of Growing cities (Las Vegas, San Fran, LA). Implemented drip irrigation on the property approx 20 years ago.
- Land values $8000 per acre; lease $200-300/ acre. $40-50K in Salinas
- Closing comment: waking up to NZ/OZ current farming practices/efficiencies.

Summary

Water recirculation programme and drip tape irrigation used as shows water is valued.

Value

PRODUCTIVE 1	2	**2.5**	3	4	5 UNPRODUCTIVE

DAY 6

YUMA VALLEY

Rick Rademacher - Salyer American

- 6000 acres total grow 3000acres themselves
- 5th Largest Shipper in the states.
- Romaine, Brasiccas, Celery, Head Lettuce.
- Urbanisation is a serious issue, current land value rural $50K, urban $100K. Driven up by farmer selling in Phoenix and moving into the Yuma area.
- Relied on more and more leased land – very small percentage of their land actually owned.
- Half a mile in proximity of a school and you can only apply agrichemicals during the weekend.
- Pay a slightly higher wage in this district they hold them in a higher value than Imperial Valley.
- Rigorous voluntary food safety policy, including Ecoli, Salmonella (3 day turn-around), Pesticide (24hrs turn around).
- Abided closely to legislation policies.
- District leaders.
- Nitrate in the water are becoming an issue, as the area has been only under cultivation of 50 years.
- Up to 400 pound units of nitrogen used in Celery crop.
- Liquid fertiliser injector used for side dressings.
- 5 acre feet for $70, and had to pay for additional water (approximately 1-1.5 acre feet)
- Most used current technology is laser level and GPS guidance.
- Water is everything!!!
- Good company structure and responsibilities. Clear central point and tools for crop information.
- Shifted entire processing equipment from Salinas to Yuma within 48hrs.
- Labour units productivity is 1 acre/day per on 3 rows of 40inch beds.
- Utilise chemical and fertigation via the flood and sprinkler irrigation.

Value

PRODUCTIVE **1**	2	3	4	5	UNPRODUCTIVE

DWAYNE ALFORD - Yuma Cotton Gin

- Approximately 50,000acres of cotton in Yuma they are responsible for half
- Mostly used for rotation.
- Planted Feb-Mar harvest August, followed by vegetable or wheat.
- Average yield or 2.2 bales per acre (bales 250-500 pounds)
- Vegetable growers like Roundup Ready Cotton before vegetables as it cleans up the fields.
- GMO BioGuard ready Cotton saves 8 insecticides.
- Feed GMO cotton seed to cattle.
- Has been a swing from long to short staple cotton, as it gives a shorter growing season and allows for a following vegetable crop. This could be relevant to a Queensland grower, who could grow cotton in the summer and follow with vegetables in the winter.
- Raised both the benefits and the unknown risk of GMO.

Value

It was of interest.

PRODUCTIVE 1	**2**	3	4	5	UNPRODUCTIVE

JIM CHERRY – Desalination Plant

- Plant has not been used for 13 years.
- $4.4 million annual running cost for maintaining facility.
- Area in a 9 year drought.
- Hoover Dam at 50 % capacity.
- Of interest to someone such as a covered crop operator because, it is an efficient way to remove salt from the water, for recirculation.
- $225 acre foot to reduce the water from 3500 ppm to 159ppm salt.
- Major limiting factor for Australia/New Zealand is the power requirement.
- Bi-product will be an issue if and when the facility is used.
- Capable of producing 1 million gallons of potable water per day.
- Focused on research for water desalination and treatment that has worldwide benefits.

Summary

Research work was of importance and relevance to our countries as it is research brackish water.

Value

PRODUCTIVE **1**	2	3	4	5	UNPRODUCTIVE

Day 7

John Deere Business

- Not many tractors or implements on display.
- Use to hire most tractors and equipment to farmers until it became unfeasible. Now farmers purchase all their tractors and only hire what they need in the busy season.
- Developed their own GPS system and are working on GPS controlled implements.

PRODUCTIVE 1	2	**3**	4	5	UNPRODUCTIVE

Afternoon spent driving to San Diego and registering for the PMA.

PRODUCE MARKETING ASSOCIATION'S FRESH SUMMIT INTERNATIONAL CONVENTION AND EXPOSITION

TAKE HOME POINTS FROM SELECTED CONFERENCE SESSIONS ATTENDED

Pulse Marketing – Part 1

- 5 generations in America/world – GI (1901-1926), Silents (1927-1945), Boomers (1946-1964), Generation X (1965-1981), Millenials (1982 – present)
- Their different values and attitudes guide their decisions and purchases
- Require various marketing techniques to target and appeal to each generation
- Important to know your target market and how to appeal to them.

Need Direction of Supply Chain Technology? Get the Roadmap

- Until recently the periphery sections of the supermarket have been able to make excuses as to why they don't have full traceability of their product. The consumer will no longer tolerate this.
- The US industry is pushing to implement a standard national system for traceability of fresh produce called the GTIN.
- The major supermarket chains have developed there own systems to increase traceability of produce in Australia, consequently it is unlikely there will be a push for a national system in Australia. Perhaps Australia's priority should be to make produce not sold in the major supermarkets more traceable.

China, Opportunities or Threats

- 49% of the world's vegetables are grown in China, mostly feeding local people. Growing at 9%.
- There are no immediate threats to imports into Australia with soft, leafy vegetables.
- There are some threats with long life produce such as citrus, apples etc.
- Most of farms in China average 10 acres, downsizing from average of 20 acres in the past
- Quality Assurance and logistics is a problem that China is facing but they are improving.
- Increasing amount of middle income earners in China who have money to purchase more produce.
- China could be a major importer of some produce, especially out of south East Asia, but labour costs in Australia would make it hard to compete with imports into China.

A Fresh Outlook on the State of the Industry

- The consumer is changing. They are looking for;
  - More socially acceptable product
  - Taste and Flavour, very important.
  - Being able to create restaurant food at home with ingredience purchased from the local supermarket.
  - Food providing an experience.
  -

Fresh Developments in Fresh-cut Food Safety

- With the recent outbreak of *Ecoli* in the US, that killed 3 and sickened many, being traced back to mini spinach, this was a very hot issue.
- Once produce has left the farm there is very little opportunity to control any biological contamination that may have occurred during the harvesting process, other than temperature control. Therefore prevention of contamination is the only practical option.
- This is an issue that will come under increasing focus in Australia. Any death or sicknesses caused by fresh produce needs to be considered absolutely unacceptable. Expect that there will be an increased expectation that more can be done to minimise the risks on farm.

Putting Micro Branding to Work

- Micro branding is the way the consumer sees and remembers your branded product.
- It is important that as a producer you do everything possible to make your micro brands work for you. That means that you need to be constantly aware of how the consumer is perceptualising the way you product is present and the way you are trying to convey your message.

From Russia with Promise; a look at the emerging market

- A proportion of the Russian population is rapidly developing a disposable income. With this comes an appetite for a more diverse culinary style.
- Russia has surprising limited arable land and much of the continent suffers from drastic climate extremes, so there is a limited growing seasons in a limited area.
- There is a rapidly increasing opportunity to export fresh produce to Russia, but distance to Australia makes this difficult. It is also a country that is plagued by bureaucratic inefficiencies and to an extent corruption. These factors mean there is probably limited opportunity for Australian exports.

The Five Dysfunctions of a Team

- Able to apply these principals in all relationships.

The Role of a Leader

Indifference to	**RESULTS**	Focus on outcomes
Avoidance of	**ACCOUNTABILITY**	Confront difficult issues
Lack of	**COMMITMENT**	Focus, clarity, closure
Fear of	**CONFLICT**	Demand debate
Absence of	**TRUST**	Be vulnerable

Social Events

We were given the opportunity to attend numerous evening social events. These were a fantastic opportunity to network with people from all over the world and share a story or two over a quiet drink. The Australasian gathering during the conference was a rare opportunity to network with a variety of influential local industry people in a relaxed social manner.

Participants Thoughts…….

'Given the location of the conference it was logical to do the farm touring in the southern regions of California. There are some vast areas of horticulture that had relevance to Australian production systems. Unfortunately the production season was only just beginning, so it would have been far more interesting and more relevant to visit more northern growing regions.

Steve Werblow was an excellent local guide. He has an excellent knowledge of US agriculture and has contacts all over the country so would be an ideal guide in any location. Ross Ord was a good Australian tour leader. He kept people organised and motivated.

Perhaps a rest day between the tours and the conference would have been constructive as the schedule was fairly intense and some members of the group struggled to keep motivated. The less time spent in LA the better.' Tim Harslett – Stanthorpe, Queensland.

'Having a mix of young Australian and New Zealand producers allowed ideas to be exchanged, discussed and friendships made while learning from each other and the industry in the USA. The farm tours provided a unique opportunity to learn about vegetable production and marketing on a much larger scale then anything in Australia. Typical family farms visited were approx 3000 acres, and corporate farms were in the vicinity of 5000 to 15000+ acres cropped. There are various production techniques such as GPS, transplanting and drip irrigation, along with on farm food safety and HACCP that we are more advanced with, and we place a higher value on our water, employees and environment compared to many of the farms we visited.
The American system of sharing the costs of production and forming farming partnerships with the shippers/wholesalers provides a shared risk, interest in and a better understanding of the crops production and allows more capital to be available to fund the growing costs associated with such large scale production. The shippers and retailers were much more focused on value adding and creating convenience packs and meals for the consumer.
While returning to Australia some of us were able to visit three of the NZ grower's properties. From the potatoes to glasshouse tomato and capsicum production, it was very interesting and easier to relate to as these farms were more of the scale of the Australian operations and have a similar.' wholesaling and marketing sector. Daryl Wilson – Rockhampton, Queensland.

Review of Expo:
- It was a very comprehensive, the largest expo show I had ever seen.
- Expo was very orientated towards value added products. Possible trends could flow on to the Australian produce market.
- Benefit of acquiring brochures and information that is not easily available in Australia.
- Personally bumped into other Australian farmers while I walked the floor which was good for networking.
Overall Personal Summary of tour:
- Number of People was perfect; any more would not have been able to get the most out of it.
- Can't say enough about the contribution that Steve Werblow made to the tour. If we didn't have him the tour would have no way been as good as it was. He was able to answer all the questions we asked him. Absolutely the most important key to my personal educational experience.
- Was great opportunity to network with people at the Australasian Reception, personally I was able to mix with my customers which were of great benefit.
Possible Improvements
- More farm tours would have been more relevant, especially in harvest time.
- Needed a one day break between farm tours / travelling before starting the PMA Fresh Summit. Needed to be fresh and ready for the workshops and expo.
- Ausveg to give opportunities for all vegetable growers to visit PMA fresh Summit in the future, also other produce events such as Fruit Logistica Berlin February 2007 & Fruit Logistica Bangkok September 2007. Rick Butler – Melbourne, Victoria

'The Young Growers Tour of the USA was a very interesting introduction into the growing areas and market size of the USA. The sheer size of the operations and the way in which they use their migrant work force can never be equalled in Australia. Their use of water, especially lack of respect for it, was sad to see, but flood irrigation was their only option in the Imperial Valley and their techniques to flush the high level of salt down through the profile was impressive. I was excited to see the PMA exhibition. The new marketing tools and the quality of the produce were outstanding and the way produce moves all over the country was fantastic. I would sincerely like to thank my fellow tour members for a great trip, and of course Ross Ord for his great leadership. Also, I would like to thank AUSVEG for the opportunity and for choosing Steve Werblow as our tour guide. I learnt a great deal from him and made a great friend.' Michael Omodei – Perth, Western Australia

PMA Summit

- *I found that the whole summit was very American orientated. It was interesting to know what their industry was like.*
- *Most of what we saw was high end retail. It would have been good to see what the average 'Jack and Jill' supermarket was like.*
- *Interesting to see the farming practises of desert farming.*
- *The American market appeared to be "If it can go in a packet lets put it in a packet".*
- *Most of the visits were interesting but not so important to a Tasmanian farmer e.g.; desalinisation of water. Not to say that it doesn't have relevance for other parts of Australia.*
- *Overall on most of these types of tours I have found that you don't know what you have learnt until some time down the track when you are talking to someone and it hits you.*

Cameron Moore – Tasmania

'Overall I found the tour to be very interesting, with some parts not being as relevant as others. At times the size of the operations we visited made me as a farmer feel very small in comparison. It was interesting to note though that no matter our size or theirs the problems we are both facing are very much the same. (Although their water crisis is yet to really hit home). Of the 'next generation' farmers (our age) labour, salinity and the declining water resource were very much important issues and they were already looking into ways of changing their practises from that of their fathers and grandfathers.

The PMA was amazing although more directed at the wholesaler/packer then directly at the farmer. I met up with Australian associates while I was there as well as making some new Australian contacts for the future. I am also beginning to put into practise some of the concepts that I learnt through the sessions.

It was a very busy tour and a suggestion would be to give participants a break (1/2 day – 1 day) between the farm tours and the PMA so they are refreshed and ready to get back into it.

Ross Ord did an excellent job keeping us all motivated and moving. I can't say enough good things about our American tour guide Steve Werblow. He developed a good repour with the group and had an excellent knowledge of agriculture in the USA to answer all of our questions.

I am very thankful to have been given this opportunity. Being the only female on tour, at times having another female would have been good but overall the tour group including Ross were a pretty good bunch of 'fellas'.' Desley Jackwitz – Tenthill, Queensland.

AUSTRALIA AND NEW ZEALAND

YOUNG GROWERS PMA FRESH SUMMIT TOUR

14th October – 27th October 2006

TRIP REPORT

Prelude

On the 14th October, 12 Young Growers from New Zealand and Australia met in Los Angeles to commence a 13-day study tour in the United States. Horticulture New Zealand and Ausveg, as peak industry bodies, each sponsored six growers from their respective countries. Attending from New Zealand were Eamon Balle (Pukekohe), Jason Culbert (Drury), Tim Porter (Ashburton), Clint Smythe (Fielding), Simon Wilcox (Pukekohe) and Tim Wooley (Dunsandel). Attending from Australia were Rick Butler (Melbourne), Tim Harslett (Queensland), Desley Jackwitz (Queensland), Cameron Moore (Tasmania), Michael Omodei (Western Australia) and Daryl Wilson (Queensland). Ross Ord, Industry Development Manager for Ausveg, led the group. We were met in Los Angeles by Steve Werblow, Oregon, a freelance agricultural journalist who guided us through the field part of our tour.

PART I
FIELD TOUR

After a day of sightseeing in Los Angeles and Anaheim, we started early on Monday and travelled southeast to the Imperial Valley. This Valley is close to the Mexican border, and consists of 500,000 acres of agricultural land, which has only been in production since the early 1900's. Characterised as an ancient desert, lying up to 50m below sea level, with an abundance year round of sunlight and heat, and annual rainfall of only three inches, the Valley's lifeline is the Colorado River, fed through the 82-mile All American Canal. The Valley has an existing and future water right to draw 75% of the volume of water flowing from the Colorado below the Hoover Dam. In contrast, 10% of the volume is allocated to Yuma, Arizona (another large desert valley producing vegetables and arable crops) and the little remaining 15% flows down into Mexico. The Imperial Valley serves as a significant producer for winter production, supplying up to 1/7th of the United States winter vegetable requirements. Major crops in the valley are Lettuce, Carrots, Broccoli, Onions, along with arable crops such as Cotton, Lucerne, Sugar Beets, and also Cattle.

Our first visit was to the University of California's Desert Research and Extension Centre. This centre focuses on improving agricultural production systems in the desert, and is a major centre for irrigation systems, new pesticide evaluations, and feedlot research. It was interesting to note with the advent of more Roundup Ready crops there will be few new herbicides entering the market. The market outside of the top five agricultural crops (corn, wheat, alfafa, soy and cotton) is not seen as large enough to warrant development of new herbicides..

Water is the critical factor to allow production in such an extreme climate and there are many issues associated with this. The water drawn from the Colorado River is extremely concentrated in mineral salts, and the application of this water to the land is causing increasing salinity levels in the soil.

Flood irrigation is the most common method of irrigation and allows the problem of salinity to be overcome by "flushing" the salts down into the soil profile. Flood irrigation was observed to be an extremely inefficient method of application. We established that the application of water to crops in the Valley averaged 6 mega-litres per acre. However, with the annual cost of water presently at US$90 per acre, it appeared that there was little incentive to move toward more efficient systems. Another issue is that as the Imperial Valley lies below sea level, the irrigation run-off water cannot flow to sea, and hence settles in the Salton Sea, directly North of Imperial. This is an inland ancient fresh water lake, and with the issue of irrigation run off, increasing salinity and nutrient levels, its ecology is being severely impacted by agricultural production.

With such a huge allocation of the Colorado River's water, and with huge urban development in California and neighbouring states, there is also another new issue for the district to contend with. Farmers now have the ability to sell their water right (at cost US $90 per acre) and sell this to competing city water authorities, such as San Diego, for as much as US $300 per acre. By leaving their land fallow, this is proving to be more profitable for some farmers than producing from their land. It is foreseeable that the escalating demand of water from the suburban sprawl of the cities will have a major impact on growers existing water rights in the near future.

On day three, we began by visiting the Imperial Irrigation District Headquarters. This is the centre where all the water diverted from the Colorado River to Imperial District is controlled. This control centre consisted of a centralised computer system, which controls the irrigation water through a vast array of canals, ditches and control gates. It also serves as the communication centre to where farmers place their water orders, 24 hours in advance. The levy that farmers pay for the water (US$17.50 per acre foot of water) goes largely to funding this irrigation scheme and its administration and maintenance.

Our next visit was to the Mexican border near Mexicali. Here we visited the United States Custom's and Border Protection Facility. This particular facility focused on commercial vehicles entering the US from Mexico. Of particular target were potential terrorists, people smuggling, narcotic smuggling and agricultural goods. An increasing number of South American countries enjoy free trade access to the US Market, and this is seeing a rise in the imports of fruits and vegetables crossing the border. The US Customs officials pay close scrutiny to preventing new pests and diseases entering their country through imported produce.. The officials also select random vehicles for inspection, and they can be x-rayed, unloaded and their cargo inspected. It was interesting to observe a truck driver selecting the carton from the back of his truck for inspection; this raised questions about the reliability of their biosecurity checks. Any vehicles with non-conforming produce or quarantine pests or diseases are immediately returned to their point of origin.

On the Tuesday night, the Young Farmer's and Ranchers from the Imperial Valley hosted our group. This was a great opportunity exchange perspectives and ideas on farming in the Imperial Valley our respective countries. This Young Farmers and Ranchers organization is a branch of Imperial Valley Farm Bureau, which functions similar to a local branch of Federated Farmers in NZ. The young farmers and ranchers met monthly, providing a forum to discuss relevant issues as well as to socialize. It was impressive to see such an organised and focused group in action.

On day four we met with representatives of the Imperial Valley Vegetable Growers Association (IVVGA). Functioning and structured similar to a District Association in NZ, this non-profit organization has representation at state and national levels. An issue of particular importance for which the IVVGA focuses is labour, water allocation, environmental protection and public education. The recent issue of E coli in spinach was something for which the ICCGA swung into action and ran a positive publicity campaign aimed at markets and consumers alike. The person who fronted this campaign, Jack Vessey, of Vessey and Co., hosted our next farm visit.

Vessey and Co. is a large growing, packing and marketing business with the majority of its production further north in the Salinas Valley, CA. The company also has its own labour recruiting division. To supplement year round production, the company produces four months of its winter supply in Imperial Valley. In order to allow this, Vessey and Co. relocated their entire packing equipment and majority of packhouse staff to Imperial once the harvest season begins. A large and increasing proportion of the leafy products sold to retail are packaged in some shape or form. With a huge investment made in new technology and packing equipment, this relocation saves in duplicity of this equipment. It took the company less than 48 hours to dismantle the packhouse equipment in Salinas, transport it on 80 truck and trailer units the 500 miles South to Imperial, and re-commission the plant.

Jack commented that public awareness of food safety had escalated since the recent spinach scare. As a major supplier of spinach, his wholesale customers have predicted a 26% reduction in consumption in the next 12 months. His company and other producers alike were now more vigilant than ever over strict hygiene procedures, staff training and water quality testing, and quality assurance systems.

Labour is another issue confronting the agricultural industry in the US. In California, there is a reliance on predominantly Mexican labour. Pay rates vary between US $7 – US $10 per hour for field workers. The majority of Imperial Valley's labour commute the short distance from Mexico each day, as the cost of living is much cheaper in comparison to the US. Vessey and Co. will actually send its labour agents down early each morning

(3am) to the Border Control facility, with buses, to acquire its required labour for the day. The majority of the labourers will return to the same employer each day, however there is a proportion of labourers who will offer themselves to the highest paying employer on the day. There is much upwards pressure on pay rates as the labour resource is diminishing, due mainly to progressive industrialization in Mexico. There are strict controls on the allowance of foreign labourers to work in the US, and appropriate work visas must be held. There is the continuing problem of non-legitimate workers crossing the border to the US and not returning.

It is interesting to note that several labour intensive operations which we in NZ would consider more economical to mechanise, such as lettuce seedling thinning and sprinkler irrigation (and movement), still prevail in many of these US operations.

The rest of the Wednesday was spent visiting other farming operations in the Valley. Amongst these was a large cattle feedlot, housing 25,000 Holstein Frisian steers. Here, the cattle effluent was composted and then sold commercially as fertiliser to local growers. There appeared to be widespread use of organic manures in the operations we visited in the Valley. We also visited another two vegetable/arable farmers, both who rotated their vegetable production with Alfalfa (Lucerne). With the year round sunshine and heat, and with abundant water, these growers were achieving phenomenal yields from the Alfalfa, up to 10t per acre DM.

On Thursday morning, we travelled due East about 70 miles from Imperial Valley, to Yuma, Arizona. Here George Gatley, owner of an agricultural radio network guided us. Yuma is very similar to Imperial Valley, in terms of climate, soils and geography; however it is much smaller in area (239,000 acres of utilized cropland). It is located close to the Colorado River, and more intensive in winter vegetable production than Imperial Valley. Yuma draws all its irrigation requirements from the Colorado, and also faces the increasing problem of salinity in the soils. What is different is that the salinity problems are derived from increasing salinity of subterranean aquifers, which raise the mineral salt levels in soils as the water tables rise. This is similar to the problems faced in many areas

of Australia. Once again, flood and sprinkler irrigation is used to minimise this problem, but it is questionable as to how long this practice can be sustained.

One other issue facing Yuma was the increasing problem of nitrate leaching into aquifers and waterways. Even though the district has only been an agricultural basin for close to 50 years, nitrate levels in water are already exceeding international limits. There is increasing public awareness of this problem, and may become a more prominent issue in the future. It was not surprising to observe this issue, given that some crops (celery, lettuce) receive up to 550kg Nitrogen, mainly anhydrous ammonia, the leaching being accentuated by flood irrigation.

We visited the field operations of Salyer American Fresh Foods Inc, and were spoken to by their Southern Region Production Manager, Rick Rademacher. Salyer is a large romaine, head lettuce, celery and brassica grower, having national distribution to the retail trade, and also having its main production base further north in California. This company had a particular focus on food safety, and this was demonstrated through its internal control systems. From pesticide applications to harvest re-entry periods, there were strict controls in place and large amounts of paperwork to facilitate this. It was noted that there appeared to be an absence of a recognized national quality assurance scheme for produce (such as NZ GAP). Most of the larger producers we visited had their own in house quality schemes and procedures that had been developed to meet the needs of their specific customers.

Another issue that was highlighted on our visit to Salyer was the cost of owning land. Agricultural land costs approximately US $50000 per acre; residential land can sell for up to $100,000 per acre, depending on the proximity to the city boundary. It was noted that an increasing amount of good agricultural land was going into residential development. In this scenario, producers now rely predominantly on leasehold land, at rates varying between US$600 – US$1000 per acre. This appeared to be a new reality of production in California, where suburban sprawl is pressuring the cost some of the most productive land to values beyond what is economically viable for producers. We can definitely draw

comparisons to this in New Zealand. The question begs itself; can this land be substituted elsewhere?

Following Salyer, we visited a cotton gin plant in Yuma. The factory processed about 25,000 acres of the cotton, which is produced locally. Of interest at this visit was the issue of Genetically Modified Organisms (GMO). About half of the cotton processed was Genetically Modified (mainly with the BT or Roundup Ready genes). Without the technological advance of GMO's, it was clear that the cotton industry would not have survived in the US to this day. The economical impact of insect pests on cotton was such that an average of 8 insecticide applications are now saved in a GMO (BT gene) cotton crop.

There seemed to be little differentiation or awareness in the apparel markets between the conventional and GMO cotton. The acceptance GMO was also apparent in that the waste GMO cottonseeds from the factory were readily supplied to cattle feedlots as a feed source.

Our final visit on the field trip was to the Yuma Desalting Plant. This is a huge complex, built in the 1970's and 1980's occupying 24ha of land. As the world's largest reverse osmosis desalting plant, it can produce about 275,000 cubic meters or 275 million litres (72.4 million gallons) of desalted water per day from a total of up to approximately 390,000 cubic meters or 390 million litres (102.7 million gallons) of drainage water per day. It was built as a result of legislation passed in 1974, which required the improvement of the quality of the water in the Colorado flowing into Mexico. Over the years, and as agriculture intensified in proximity to the Colorado, the salinity of the water increased along with other undesirables such as nitrates and increased turbidity.

Interestingly enough, and to our amazement, the plant has never actually been commercially operational. With claimed improvements in the water quality and other legislative changes since the project began, the plant was never commissioned and lies in a dormant state. Consideration is currently being given to resurrecting the plant, as a potential source of desalinated water to supply to urban authorities and the like. Currently with the annual upkeep cost of the plant at US $4m, there would seem to be pressure for

this to occur from many civil quarters. However the cost of running the plant is also very expensive, with a proportionately high-energy factor required to run it.

Our final visit was to a John Deere dealership in Yuma. We had the opportunity to discuss several aspects of machinery use in the district. Of relevance was the move towards Global Positioning Satellite Guidance Systems (GPS) by many farmers. With the cost of GPS reducing all the time, many farmers are embracing this technology with Auto Steer systems and manual guidance. The benefits of this are becoming recognised more and more.

We then commenced the 4-hour trip towards San Diego for the final week of our trip at the PMA Fresh Summit Conference.

Summary

Overall, the field trip was of immense value to all involved. The insight into what appeared at first to be a completely different way of faming soon drew us to parallels in our own farming methods in NZ. Labour shortages appear as an ongoing problem, and with labour rates increasing constantly, farmers will be driven to become more efficient in labour allocation and probably more mechanised in their systems. Competition from South American producers is also something that will challenge US growers. With free trade agreements with countries such as Brazil, Mexico and Chile, and with lower costs of production, these countries appear to be impacting on traditional US homeland market share. Acceptance of genetically modified organisms is something that, while currently not so prominent in the vegetable sector, will remain a possible strength, and impediment, to US produce and market opportunity. It remains to be seen where this may lead them. The largest factor influencing the future of arable and vegetable production in Imperial Valley and Yuma District is water. It seems that much of the water used in primary production in these areas may not be used in the most efficient manner, and possibly undervalued. As the water becomes scarcer, and the potential or actual environmental impacts of its current use are realised, producers may find themselves in a precarious position.

The entire question of sustainability of production was left at the cessation of the field tour. In manipulating an ancient desert to become a winter salad bowl of production for 300 million people, within a 100 year period is an amazing feat. But the environmental and social effects of such a transition seem to beginning to yield issues that may take much longer to combat or reverse. It became clear to us that in New Zealand we are fortunate to enjoy a relatively abundant water resource. We must work to both enhance and preserve this to ensure our security as a sustainable agricultural producer in a global market.

As a final note, we would very much like to acknowledge the participation into the trip of Steve Werblow. Steve's wealth of knowledge in agriculture was invaluable to the group. We also thank the many individuals and companies we visited throughout the tour who generously contributed their time and effort.

PART II

PRODUCE MARKETING ASSOCIATION (PMA) FRESH SUMMIT

The PMA Fresh Summit commenced on Saturday 20th October. This convention is an annual gathering of an international contingent of produce retailers, food service providers, processors, growers packers and other related industry participants, representing over 170 countries.. Over 18,000 people will attend the PMA Fresh Summit over the four-day period. There are two parts to the convention; a series of workshops and sessions held over the four days, and an exposition consisting of over 1000 exhibitors displaying their respective products or services. The trade show is akin to our Agricultural Field days in Mystery Creek, however much more focused on produce and food products and services related to produce.

Before the conference session got under way on Saturday morning, we had the opportunity to travel with a group of Australians to the San Diego port facility, where imported Australian citrus are landed. We ascertained Australia was only recently approved to commence imports of citrus to the US to supply their off-season. The Australian contingent viewed this as a major breakthrough and over 20,000 tones of navel oranges were now being imported. Projections were for this to double within two years. This success appeared the result of many years of hard work and negotiation between industry, regulatory and political figures. It was also noted that one distributor had been appointed in the California, the aim being to stop multiple distributors undercutting each other in the market place. It cannot be underestimated the potential benefits of trade with countries such as the US.

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PMA Fresh Summit Workshops

The following is a summary of key points at some of the workshops our group attended:

1. For more ROI, Think Out side the box

Produce packaging – a means to increasing sales

Highlights of a consumer survey were:
Packaged vs. loose preferences
Design of packaging: Flexible verses Rigid
Size of Packaged products – convenience plus functionality
Information on Packaging
Pricing sensitivity relative to additional value
Some suppliers moving to corn based packaging – more environmentally friendly.

2. Making Web 2.0 Work for You

Two questions to ask when buying new software, does it have a web service? Can it connect to other software?

You can now rent software or Google now offers Microsoft Office knockoffs over the web for free.

E-Communities – Reaching the millennial generation eg. WD 40 Fan club Has 100,000 users. Used for market research eg. Asked women what they wanted, this lead to the development of the WD 40 pen. Used to launch new products.

Companies with R&D problems post them on the web. Eg. Incentive, offer bounties for solving R&D problems.

3. Changing Behaviour For The better: Fruits and Veggies – More Matters

Produce for better health foundation – changing from "Eat 5 to 9 a day" to "Fruit and Veggies more matters." Launch date March 2007.

Research showed that we should be eating up to 13 servings of Fruit and Veggies per day. This depends on age, gender, level of physical activity etc.

New brand targeted at mothers who truly believe that it is their responsibility, for themselves and their families, to get more from life by eating healthier.

4. Pulse Marketing, Part 1

We currently have five living generations; G.I.'s – 80+, Silents-61-79, Boomers-42-60, Gen X – 25-41, Millenial's - 0-24 year olds.

The formative years mould the core values of each generation. Messaging to the core values is the key to marketing to a generation.

Baby Boomers are biggest produce consumers. Generation X'ers only go to the shop when they have to – shelf life of your product then becomes an issue. Millenial's want to discover your brand, they want to discover and introduce their friends. Experience becomes more important than brand loyalty eg. Proctor and Gamble wanted to introduce Old Spice deodorant to millenial's – problem, Old Spice is seen as Grandpa's deodorant. Renamed as 'Red Zone' and given away to teenage boys in gym class and let word of mouth take it.

5. Pulse Marketing Part 2 – Pulse Marketers Toolbox: New Trends, New Tactics

Technological revolution. The number one source of information…for many audiences…is the web.

New tools to communicate with, and between, consumers:

1. E-Communities – the 21st century water cooler, knitting circle, neighbourhood front porch. The high-tech gathering spot to vet today's news, work, sports, childrearing, and recipes. Eg. WD 40 Fan Club, Chicken of the Sea's Mermaid Club.
2. Word of mouth marketing – Giving people a reason to talk about your products and services and making it easier for that conversation to take place.
3. Wireless – Mobile phones and wireless devices have quietly become the newest, hottest frontier for big brands from Pepsi to Nike, especially those itching to reach the coveted 18 to 34 year olds. Eg, Coupons, store vouchers, reward cards, preloaded onto your mobile phone.
4. Blogs – Open discussion websites, with new items or "posts "displayed at the top of the page. There are 28.4 million blogs in existence
5. Podcasts – Distributing multimedia files, such as audio or video programs over the Internet for play back on mobile devices and personal computers.

Top Ten New and Innovative In-Store marketing Vehicles:

1. Lifestyle Clubs – Website, Prizes, Birthday cards, activity books.
2. Selling Stories vs. Products – "In 25 years time what people buy will be mostly stories, legends, emotions and lifestyle."
3. In-Store Solution Centres – eg. Health kiosk, with health library, blood pressure monitor, health information.
4. Shelf Tags – Ad tags, shelf tags, Shelfcast (positioned in store, on shelf computer screens with advertising)
5. Targeted Pricing – Personalises and recognises the shopper.
6. In-Store TV/Digital signage.
7. Gas Pump TV
8. Interactive floor graphics
9. Cell Phone/Text Messaging
10. Interactive shopping carts

6. An Insiders Guide To China

This was a workshop targeted at showing the opportunities and threats of exporting to China. As most people are aware, China has a huge fruit and vegetable trade surplus, and this should continue. This is being underpinned by China's substantial labour cost advantage.

The opportunity to export fruit and vegetables to China is being enhanced by income growth and increasing power of an organised retail sector. Also China remains a price maker, but cost and prices are rising, whereas the export prices are stabilizing.

7. From Russia with Promise: A Look at the Emerging Russian Market

In Russia agricultural systems are not meeting fruit and vegetable demands and they are a net importer of food. Russia has a substantial economic growth, with GDP coming close to doubling between 2005 and 2010 and thus this is leading to the expansion of modern retail grocery stores. It is expected that the grocery retail sector will grow over 60% between 2006 and 2010, with sales to exceed US$115 billion. There is potential for potatoes to lead the way in exports, but there is also potential for onions, carrots and cabbages.

8. Sales – Breakfast session

An informative session held during breakfast on raising your skill level as a sales person.

Key points from this were:
Voice messages – these are a key lead point, they need to be exciting, don't bore people.
Are your customers your fans?
You are either in sales or you affect sales!
Ground rules in sales –

1. The value of creating a difference between you and the competition.

2. There is a difference between satisfied and loyal. Customers want to hear two things. That you care about them and "What are you going to do about it?"

Find out the voice of your customer – ask them two questions. What is the best thing about our products? What is one thing you would like to see?

9. The Five Dysfunctions Of A Team – Breakfast session

1. Absence of vulnerability based trust. The role of the leader (ROL) is to be emotionally vulnerable.
2. Fear of conflict. ROL, demand debate
3. Lack of commitment. ROL, force clarity and closure.
4. Avoidance of accountability. ROL, confront difficult issues.
5. Inattention to results. ROL, focus on effective outcomes

During the conference, we had to opportunity to mingle and network with many of the attendees at the conference. We were invited to several evening functions which allowed us to socialise with different groups of industry people. Amongst these was an Australasian function, with attendees from Australia and New Zealand. Several of these people represented some of the large and prominent supermarket and procurement entities in Australasia. As well, there were many leading Growers, Packers and Marketers in attendance. Many acquaintances were made on this night, and it showed the value in immersing in such an opportune environment.

Conclusion

We in New Zealand may often be viewed as being at the bottom of the world. However we couldn't help but return from this tour with a view that our agricultural practices and systems are at least equal to or superior than many of the US growers we visited. While this shouldn't lead us to become complacent, we are on the other hand in a position to maintain and build on a strong footing in the international market place.

After interaction with US and Australian growers, it appears that in New Zealand we are fortunate to have an excellent functioning industry organisation. This is perhaps related to our comparative industry size with these countries.

There appeared to be a lack of coordinated vegetable promotion in the US, and little evidence seen of promotional material which was current and relevant. This highlighted the good work occurring in New Zealand with our industry promotional strategy and implementation. In light of this perhaps we as New Zealand growers should focus more on capitalising on the strengths of our industry.

Often alluded to or spoken about in by different speakers during the conference was the obesity epidemic in the US and western culture at large (excuse the pun!). There is a huge opportunity for our industry to capitalise on the problem of obesity with the products we offer. We all have ownership of a unique range of products which have been recognised as one of the key weapons against obesity. This can only be achieved successfully through a cohesive and planned approach by our industries at national and global levels.

The exposition (or trade show) that we attended over the two-day period was an opportunity to observe the innovations and trends in the retail side of the produce industry. There were a huge range of stands, from new varieties of vegetables on display, through to fresh cut and processed vegetables and equipment.

It was observed that value added produce was the most prominent theme in the trade show. Whether it was simply microwave ready, plastic covered jacket potatoes, to a reheatable precooked potato and chives mash dish; we were inspired as to where it appeared the future lies in the produce industry. There is no longer any place for

complacency by producers. Gone are the days of relying solely on the humble 20kg paper bag of unwashed potatoes to sustain your business.

The opportunity for each of us to attend the PMA Fresh Summit was off immense value. Each one of our group found different areas of relevance to our businesses, and we made the most of the opportunities to network with prominent and entrepreneurial people surrounding us. To observe the current trends in fresh vegetable consumption sent a clear message that we must ride in tandem with these trends and provide the consumer with a product that meets their convenience, health and taste expectations. We all left the conference with much food (and vegetables!) for thought, and we look forward to investing the knowledge and experience we have gained on this trip back into our industry

For some of us, the trip was also made possible through sponsorship from other businesses, so a big thank you to them for their support. We thank Ross Ord, of Ausveg, for the fantastic job he did in leading our group, and also AgTours Australia, for their organisation of the travel and accommodation arrangements. Finally we offer our appreciation to Horticulture NZ, particularly the Fresh Sector, for allowing us the opportunity to attend this trip.

Successful Applicants- US Young Growers Tour 2006

Title	First Name	Middle Name	Surname	Mailing Ad	Suburb	State	Postcode
Mr	Daryl	Lee	**Wilson**	PO Box 564	ROCKHAM	QLD	4702
Mr	Timothy	Daniel	**Harslett**	74 Harslett	AMIENS	QLD	4352
Mr	Ricki	Neil	**Butler**	6 Muirfield C	HEATHERT	VIC	3202
Mrs	Desley	Faye	**Jackwitz**	996 Tenthill	GATTON	QLD	4343
Mr	Cameron	George	**Moore**	46 Jetsons	SCOTTSDA	TAS	7260
Mr	Michael	John	**Omodei**	PO Box 15	PEMBERTO	WA	6260
Mr	Eamon		**Balle**	108A Conro	Glenbrook	Waiuku	
Mr	Jason		**Culbert**	NZ Hothous	Drury		
Mr	Timothy		**Porter**	1439 Christ	Pendarvas	Ashburton	
Mr	Clint		**Smythe**	186 Almada	RD7	Feilding	
Mr	Simon		**Wilcox**	103 Wootte	Bombay	Auckland	
Mr	Timothy		**Woolley**				
Mr	Ross	Douglas	**Ord**	8 Collingrid	WESTON	ACT	2611

Email	ph (h)	ph(w)
wilsonsfarm	07 4934423	07 49344234
timh@halen	07 4683 332	07 4683 3181
rick@butler	03 9551031	03 95518430
imperialproc	07 5462747	07 54627474
mooreveg@	03 6353206	03 63522734
mickobron@	08 9776047	08 97761121
Eamon.balle@ballebros.co.nz		
Jason@underglass.co.nz		
Nadine-timporter@e3.net.nz		
almadale@inspire.net.nz		
simon.wilcox@pinnaclegrowers.co.nz		
parsnipfivestar@xtra.co.nz		
ross.ord@a	04 1243072	03 95449098

AUSVEG YOUNG GROWER USA TOUR AND PMA 2006

AgTour AUSTRALIA
Rewarding Experiences in Agri-business Travel

Level 5, 490 Upper Edward St, BRISBANE
P.O. Box 723, SpringHill Q 4004

Website: http://www.agtour.com.au

This itinerary has been exclusively prepared for:

Client: AUSVEG
Attn: Jonathan Eccles
Our Ref: PMA Itinerary06(broad)
Date: 2 August, 2007

Tel: ***(07) 3236 9889 Int'l: (617) 3236 9889***
Fax: ***(07) 3236 9678 Int'l: (617) 3236 9678***
Email: enquiry@agtour.com.au

DRAFT ITINERARY

Ausveg Young Grower Tour to USA and PMA Fresh Summit San Diego

14 Days

Day 1 **ARRIVE LOS ANGELES** **Saturday 14th October 2006**
(- - -) Depart Australia, arrive LAX. Tour of Los Angeles area on the way to Anaheim. Recover from flight. Overnight Anaheim.

Anaheim Hotel

Day 2 **ANAHEIM** **Sunday 15th October 2006**
(B - -) This will be a day for sightseeing, with a visit to Disneyland, claimed to be the happiest place on Earth. People of all ages, from the very young in years to the young at heart have a great time visiting Disneyland. Overnight Anaheim

Anaheim Hotel

Day 3 **ANAHEIM – El CENTRO** **Monday 16th October 2006**
(B - -) Visit the renowned University of California Riverside Agricultural Experiment Station. This is the site of much of the State's work on arid agricultural land and salinity, as well as outstanding work on integrated pest management and vegetables production. You will talk with researchers and visit the Station at Coachella Valley which specialises in desert crops and small farms. You will than make a visit to the Salton Sea. Continue to El Centro, in the Imperial Valley. Overnight El Centro

El Centro Hotel

Day 4 **EL CENTRO** **Tuesday 17th October 2006**
(B - -) Today you will meet with the Irrigation District Representative and tour the world renowned Imperial Irrigation District system and the Salton Sea. The Salton Sea covers an inland area of 376 square miles. The Sea's elevation is 227 feet below mean sea level. The maximum depth is 51 feet and the total volume is 7.5 million acre feet of water. You will visit local farms. It is planned to include interaction with local young growers during each of the days in the Imperial Valley and at evening meal times. Overnight El Centro.

El Centro Hotel

Day 5 **EL CENTRO** **Wednesday 18th October 2006**
(B - -) This day will have an early start with a focus on local labour arriving from across the Mexican border. Farm visits will be included, as well as seeing aspects of the hay/dairy industry which supplements vegetable production. A representative from the local Grower Organisation will provide an

overview of vegetables production in the Imperial Valley. Overnight El Centro

El Centro Hotel

Day 6 **EL CENTRO - YUMA** **Thursday 19th October 2006**
(B - -) Early start, Travel to Yuma County, Arizona. Meet with local representative, visit farms and value adding facilities. Yuma is the centre for winter production of lettuce, spinach, vegetables and hay. The region is also well known for cotton production. Overnight Yuma

Yuma Hotel

Day 7 **YUMA – SAN DIEGO** **Friday 20th October 2006**
(B - -) Farm and value adding visits in the morning then travel to San Diego in time to complete the registration formalities at the PMA Fresh Summit. Overnight San Diego

San Diego Hotel

Day 8 **SAN DIEGO** **Saturday 21st October 2006**
(B - -) PMA Fresh Summit, San Diego

San Diego Hotel

Day 9 **SAN DIEGO** **Sunday 22nd October 2006**
(B - -) PMA Fresh Summit, San Diego

San Diego Hotel

Day 10 **SAN DIEGO** **Monday 23rd October 2006**
(B - -) PMA Fresh Summit, San Diego

San Diego Hotel

Day 11 **SAN DIEGO** **Tuesday 24th October 2006**
(B - D) PMA Fresh Summit, San Diego. PMA concludes after the morning session. The remainder of the day will be free. Last night, farewell dinner.

San Diego Hotel

Day 12 **SAN DIEGO – LOS ANGELES** **Wednesday 25th October 2006**
(B - -) Travel from San Diego to Los Angeles, visiting the Los Angeles Terminal Market and taking in tourist sites on the way. Evening flight to Australia.

Day 13 **LOS ANGELES TO AUSTRALIA** **Thursday 26th October 2006**
Lost in Transit

Day 14 **ARRIVE AUSTRALIA** **Friday 27th October 2006**
Transfer to home locations

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